

Message Text

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11

ORIGIN TRSE-00

INFO OCT-01 AF-10 ARA-16 EA-11 NEA-14 ISO-00 EB-12 SEC-03

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EA/EP:RWHITE

ARA/ECP:GOLSEN

SEC:ASTEFFAN

SEC:PPAULTER

TREAS:JGRIFFIN

CIEP:ECLAPP

TREAS. WWITHERELL

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FM SECSTATE WASHDC

TO ALL OECD CAPITALS

AMCONSUL HONG KONG

AMEMBASSY BEIRUT

AMEMBASSY MUSCAT

USINT ALGIERS

AMEMBASSY ABU DHABI

AMEMBASSY TEHRAN

USINT BAGHDAD

AMEMBASSY KUWAIT

AMEMBASSY TRIPOLI

AMEMBASSY JIDDA

AMEMBASSY CARACAS

AMEMBASSY QUITO

AMEMBASSY LAGOS

AMEMBASSY SINGAPORE

AMEMBASSY PORT OF SPAIN

AMEMBASSY CAIRO

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KUWAIT ALSO PASS DOHA

E.O. 1 52: N/A

TAGS: EINV, EFIN

SUBJECT: PROCEEDING ON BENEFICIAL OWNERSHIP, TAKEOVERS
AND ACQUISITIONS BY FOREIGN AND DOMESTIC INVESTORS

1. THE SECURITIES AND EXCHANGE COMMISSION ANNOUNCED ON SEPTEMBER 9 THAT IT HAS ORDERED A PUBLIC INVESTIGATORY PROCEEDING, INCLUDING PUBLIC HEARINGS BEGINNING NOVEMBER 12, 1974, CONCERNING THE BENEFICIAL OWNERSHIP OF SECURITIES, THE ACQUISITION OF SECURITIES AND OF CORPORATIONS BY FOREIGN AND DOMESTIC PERSONS, AND CORPORATIONS' REPURCHASE OF THEIR OWN STOCK. PERSONS WISHING TO COMMENT ON OTHER TOPICS OR INQUIRIES RELATING TO THE PROCEEDING MAY SUBMIT A WRITTEN STATEMENT BY OCTOBER 11, 1974, AND PERSONS WISHING TO COMMENT DIRECTLY ON THE INQUIRIES MAY DO SO AT ANY TIME PRIOR TO THE CLOSE OF THE RECORD OF THE PROCEEDING. DURING THE PROCEEDING THE COMMISSION WILL DETERMINE WHETHER THERE IS ADEQUATE DISCLOSURE TO PROTECT INVESTORS AND ADEQUATE GUIDANCE TO PERSONS EFFECTING ACQUISITIONS AND TAKEOVERS. THE COMMISSION WILL ALSO EXAMINE WHETHER IT IS NECESSARY OR DESIRABLE FOR IT TO RECOMMEND LEGISLATIVE CHANGES IN CURRENT LAWS ON REPORTING BENEFICIAL OWNERSHIP AND DISCLOSURE.

2. THE PROCEEDING IS IN RESPONSE TO CONGRESSIONAL INTEREST IN CORPORATE OWNERSHIP. THE SUBCOMMITTEE ON BUDGETING, MANAGEMENT AND EXPENDITURES, UNDER SENATOR METCALF, AND

THE SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS, UNDER SENATOR MUSKIE, BOTH OF THE SENATE COMMITTEE ON GOVERNMENT OPERATIONS, HELD EXTENSIVE HEARINGS ON CORPORATE OWNERSHIP AND DISCLOSURE DURING THE PAST YEAR. THAT MANY SECURITIES ARE SELLING AT DEPRESSED LEVELS MAKES ACQUISITIONS AND TAKEOVERS MORE ATTRACTIVE. THE FACT THAT SOME FOREIGN INVESTORS ARE IN AN IMPROVED POSITION TO INVEST IN U.S. SECURITIES WAS NOT A RELEVANT FACTOR IN THE DECISION TO SCHEDULE THE PROCEEDING, AND THE APPROACH WILL BE EVEN-
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HANDED IN ITS TREATMENT OF DOMESTIC AND FOREIGN INVESTORS.

3. A COPY OF THE SEC RELEASE (NO. 5526 OF SEPTEMBER 9, 1974) IS PRESENTLY BEING POUCHED. U.S. AGENCIES IN WASHINGTON WOULD APPRECIATE REPORTS ON ANY SIGNIFICANT COMMENTS MADE BY HOST GOVERNMENT OFFICIALS OR MEMBERS OF THE LOCAL FINANCIAL COMMUNITY REGARDING THE SEC RELEASE AND THE PROCEEDING. MAW

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